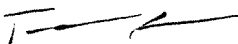


## MEMORANDUM

TO: Fredrick Hahn, Chief Procurement Officer for Construction

FROM: Thomas Klein, General Counsel 

DATE: July 3, 2012

RE: Capital Development Board FY2013 Small Business Compliance Plan

Pursuant to Section 15(a) of the Small Business Contracts Act (30 ILCS 503/15(b)), the Illinois Capital Development Board (CDB) submits this report providing a compliance plan for FY2013. As shown below, CDB has exceeded the 10% goal contained in Section 10 of the Small Business Contracts Act in recent years:

Fiscal Year	Total Dollar Amount of Contracts	Total Dollar Amount of Contracts with Small Businesses*	Approximate Percentage
2009	\$135,300,000	\$42,000,000	31%
2010	\$174,300,000	\$39,000,000	22%
2011	\$125,500,000	\$49,500,000	39%
2012	\$287,710,891	\$30,014,229	10.5%

\* In accordance with Section 5 of the Small Business Contracts Act and Section 45-45(b) of the Procurement Code, CDB defined "small business" to include construction businesses whose annual sales and receipts did not exceed \$10,000,000.

Because a large percentage of the businesses prequalified to do business with CDB are small businesses, CDB has been able to exceed the goals through the normal course of business. Therefore, CDB plans to continue selecting architects based on qualifications and contractors based on the bidding process.

As the above chart illustrates, the dollar amount percentage of CDB contracts going to small business declined in fiscal year 2012. CDB believes that this decline is somewhat misleading. In the past, the vast majority of CDB projects were structured as multi-prime, meaning CDB would enter into separate contracts with several contractors on a single project. While the coordinating prime contractor would typically be a large business, other prime contracts would go to small businesses. Recently, CDB has been using a single prime format for several large projects. Under this format, CDB enters into a single prime contract with a business that in turn enters into contracts with various protected subcontractors to perform work that, in the past, would have been done under a direct contract with CDB. CDB believes that much of this work is still going to small businesses, but, because it is not done under a direct contract with CDB, this work is not reflected in the numbers above. If contracts with protected subcontractors were included in the numbers above, the dollar amount percentage of contracts going to small businesses would undoubtedly be substantially higher.